Classroom Study Material

INTERNATIONAL RELATIONS

July 2017 – September 20th 2017

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1. INDIA-ISRAEL

Why in news?

- PM Modi became the first Indian PM to visit Israel. PM visit marks 25 years since India and Israel established diplomatic relations.
- India and Israel signed seven agreements to increase cooperation in key sectors like space, agriculture and water conservation as both sides sought to deepen ties beyond high-priced defence deals. A decision was announced to upgrade ties to a strategic partnership.

India-Israel relations background

- India’s position on the establishment of the State of Israel was affected by many factors, including India’s own partition on religious lines, and India’s relationship with other nations.
- To add to that India had a sizeable Muslim population that was traditionally opposed to creation of Israel on the Palestinian land.
- India formally recognised Israel post-independence in September 1950. However its Israel policy was driven by the principled stand of solidarity with the Palestinian cause and India’s international approach on issues as aligned with its domestic needs.
- Domestically, politicians in India feared losing their vote banks if relations were normalised with Israel.
- Additionally, India did not want to jeopardise the large amount of its citizens working in Arab States of the Persian Gulf, who were helping India maintain its foreign-exchange reserves.
- In addition, India was also dependent on the Arab nations for oil supply to meet its energy needs.
- Emergence of the Non-Aligned Movement (NAM) in 1950s, of which India was a founding member, further drove India away from taking any pro-Israel stand openly.

1992 Establishment of Full Diplomatic Ties

It was in 1992 when India finally established full diplomatic relations with Israel but only after taking Palestinian President Yasser Arafat on board. There were two reasons behind it.

- The first was the peace process between Israel and Palestine was in an advanced state at that time.
- The second was the pressure from United States. India also needed a global interface for its economy after it decided to follow economic liberalization in 1991 as well as new markets for to meets its defence needs after the USSR collapse.

Over the past quarter century, the countries have developed close ties in high-tech and defense. The three main components of cooperation between both countries have been:

Defense

India is the world’s biggest importer of defense equipment, and Israel has become one of its major suppliers.

- Israeli companies, led by government-owned aerospace giant Israel Aircraft Industries, have signed arms deals with India totalling over $2.6 billion earlier this year.
• By 2000, India was acquiring surface-to-air missiles (Barak 1) and UAVs (unmanned aerial vehicles) from Israel. Subsequently, the refurbishing of MiG-21 aircraft employed Israeli avionics.
• Israel sold India the Phalcon airborne early warning system and mounted on the Russian IL-76, provided AWACs capability.
• Subsequent acquisitions have included Spike anti-tank guided missiles and the long range surface-to-air missiles in both the naval and land versions.
• Israel was one of the main suppliers for India during the Kargil war with Pakistan. It showed its reputation as a strong, stable supplier, even in times of duress.
• Israel is already selling India an average of $1 billion per year in military equipment.

Agriculture
In 2008, Israel launched the India-Israel Agriculture Project (IIAP) aimed at setting up specialized agriculture centers across India
• The IIAP is a three-way collaboration between Indian government, the Israel government and a state in India.
• So far of the proposed 26 centres of excellence, 15 have become fully operational, while the remaining is expected to start from early next year.
• Most of the centres are focused on providing top class technical know-how seeds, best farming practices to enable growers of the region improve their yields and in the process increase his income.
• In agriculture, Israel’s drip irrigation model is popular in many parts of India.

Water
• As a water-challenged state, Israel recycles 90% of its water, and 95% of sewage is processed for agricultural use, making it virtually a closed water cycle. Desalination is one of the main areas for collaboration and sharing of experience and expertise.
• An Israeli company was recently awarded a project to clean a part of river Yamuna.

India-Israel-Palestine
With Prime Minister visit to Israel, India has finally de-hyphenated its relationship with Israel and Palestine, engaging with the two arch-rivals separately and on mutually beneficial terms.
• PM visit to Israel indicates that New Delhi is pursuing its relations with the West Asian nation on its own merit.
• The assessment is the situation in West Asia has changed over the past few years and India’s ties with other countries in the region are much stronger, including forging of strategic partnerships with some countries in the Gulf.
• India has been an old friend of Palestine and supported its cause and people for long. India has been a committed supporter of the two nation theory, with Palestine being a separate entity.

India-Israel Industrial R&D and Technological Innovation Fund (I4F)
• It envisions promotion of bilateral Industrial R&D and Innovation cooperation in the fields of science and technology by extending support to joint projects for innovative or technology-driven new or improved products, services or processes.
• India and Israel will make a contribution of four million US Dollars each for the Fund, both equivalent amounts, annually for five years.
• The Innovation Fund will be governed by a joint board which will consist of four members from each country.
• It would leverage the complementary strengths of Israel and India to encourage Israel-Indian joint projects that capitalize on both the national and global marketplace.
• It is expected that this will foster and strengthen the eco-system of innovation and techno-entrepreneurship in India and will contribute directly to the Start-up India programme.
• Palestine also sought “greater role” by India for its cause, even as it asserted that it was not worried over the growing Indo-Israel ties.

## 2. INDIA PEACE KEEPING IN SRI LANKA

### Why in News?
- July 2017 marks 30 years of the signing of the historic Indo-Lanka Accord, which sought to end the civil war in the island nation.

### Background of the Conflict
- Sri Lanka has witnessed a fierce conflict between the two major ethnic groups in Sri Lanka, viz- Tamil & Sinhalese.
- The Sri Lankan govt started following discriminatory ethnic policies towards the tamil community, including the “Sinhala Only Act”, which gave rise to separatist ideologies among many Tamil leaders.
- This led to disenchantment among the Tamil community and the formation of Liberation Tigers of Tamil Eelam (LTTE) a Tamil militant organization.
- LTTE led a civil war demanding an independent state of Tamil Eelam in the north and east of Sri Lanka for Tamil people. This resulted in violence and confrontation between LTTE and Lankan army.
- It also affected the relations between Indian and Sri Lanka. The (1987) Indo-Lanka Accord was signed between the two governments. The agreement sought to address most of the concerns plaguing the Indian and Sri Lankan governments besides the Tamil community.
- The most significant highlight of the agreement was that it talked about, for the first time, devolution of powers to the minorities in the shape of provincial councils with civil, police and judicial powers through the Thirteenth Amendment to the Sri Lankan Constitution and the Provincial Councils Act.
- The Indian Peace Keeping Force (IPKF) was sent to Sri Lanka's Northern and Eastern provinces, to guarantee and enforce the cessation of hostilities between the Tamil separatist groups and the government.
- However, the LTTE, was not made party to the agreement. The situation, thus, turned into a military confrontation between the IPKF and the LTTE, which refused to disarm and join the political mainstream.
- The IPKF-LTTE conflict that began on October 10, 1987, and lasted till 1990 saw the death of over 1,200 Indian soldiers and 660 LTTE cadres. Indian Prime Minister Rajiv Gandhi was also assassinated by a Tamil LTTE suicide bomber.

### Operation Pawan-
It was the code name given to the operation by the IPKF to take control of Jaffna from the LTTE in late 1987 to enforce the disarmament of the LTTE as a part of the Indo-Sri Lanka Accord.

### Impact on Indo-Lanka Relations
- This led to souring of relations between the two countries. It was decided by the Indian side that no more military help will be provided to Sri Lanka.
- This policy has been followed by India since then and no defence pact has been signed between India and Sri Lanka.

### Criticism of Indian actions
- Indian actions and policies in relation to intervention in the internal matters of Sri Lanka have been criticized by many as the regional hegemonic power.
• The interventions are seen as a fundamental departure from the traditional parameters of peacekeeping in terms of the IPKF’s lack of impartiality and the level of force which was used.
• India’s Sri Lankan policy was said to have been driven by its need to retain its leverage over Colombo in the face of growing Chinese influence.
• The Accord came about suddenly, almost like a bolt from the blue, taking by surprise even those who had no quarrel with peace. The abruptness meant that no serious analysis was probably done to determine in advance if there could be spoilers and what should be India’s response in such an eventuality.

Way Forward
• In the post-LTTE era, a perceptible change came over the Indian government's Sri Lanka policy. The present Indian government is making efforts to gain the Sri Lankan government’s trust by restraining militant Tamil activity in India as a part of overall effort to promote greater understanding between India and its neighbours.
• A long-term solution for all the problems needs intensive cooperation and agreement, which in the current situation seems a pipe dream. In this framework, India should work together with Sri Lanka for building win-win achievements and prosperity in the regions of South Asia.

3. INDIA-CHINA: END OF DOKLAM STANDOFF

Why in news?
• Recently, India and China mutually disengaged their troops from the plateau along the Sino-Bhutan border.

Diplomatic victory for India
• The end of Dokalam standoff is a huge political, diplomatic and moral victory for India. It will contribute to raising the stature of the country.
• The fact that the Indian government stayed steadfast and resolute in the face of extreme provocation, speaks volumes of the determined and decisive approach of the present government.
• The episode has significantly established the image of India as a responsible, decisive and reliable actor on the global scene.
• The episode has contributed to further strengthen relations between India and Bhutan. It is to Bhutan’s credit that it stood steadfast through the long, tense standoff. China has been trying for long to create fissures between India and Bhutan.
• The message to India’s neighbourhood is also positive and reassuring. It will further enhance India’s stature and image as a reliable partner. It will enhance the resolve and resilience of some of China’s neighbours to stand up to China on issues of vital and critical importance for them.

Way forward to prevent such standoffs
The Doklam imbroglio may have been resolved peacefully after 73 days, but sources in the military warn that India and China will witness such standoffs more frequently now, unless a more robust border management mechanism is put in place.
• India and China should not see Doklam in terms of point-scoring but rather as a warning of the need for extending their border management framework across other borders as well.
• India and China must revert to the spirit of the Border Defence Cooperation Agreement of 2013, which laid down specific guidelines on tackling future developments along the 3,488-km boundary the two countries share.
Both countries need to have the Director General of Military Operations (DGMO) level hotline in place along with more visits and tactical level exchanges.

Stronger economic and commercial partnership between the two countries can be a win-win scenario for both the countries if China removes or significantly reduces its non-tariff barriers against Indian products and services.

India must necessarily “hope for the best, and prepare for the worst”, when it comes to tensions with its northern neighbour.

4. NORTH KOREA NUCLEAR CRISIS

Why in news?
North Korea conducted its sixth and most powerful nuclear test, which it said was an advanced hydrogen bomb for a long-range missile, marking a dramatic escalation of the regime’s stand-off with the United States and its allies.

Reasons behind N. Korea’s action
It has three main objectives:

One, the nuclear capability is primarily meant to ensure the survival of the regime.
- Kim Jong-un after seeing the outcome of western interventions in Libya and Iraq and Russian intervention in Ukraine, is convinced that he needs a nuclear deterrent for regime survival.
- In addition, he wants direct talks with the U.S. that will provide him recognition and lessen his dependence on China, and finally, an easing of sanctions.
- Kim Jong-un may also be playing a high-stakes diplomatic game for an Iran-like deal where he could swap his country’s nuclear arsenal for international recognition and economic partnership.

Two, it wants to break the US’ alliance with South Korea and Japan.
- The ICBM capability is a credible tool to “decouple” the US from its allies.
- South Korea and Japan have every reason to doubt whether the US would risk its major cities in order to come to their rescue against North Korea.

Three, North Korea, like the South, desires the reunification of the Korean peninsula but on its own terms.

A result of failure of nuclear diplomacy

Economic Sanctions have limited utility because China accounts for 90% of North Korea’s foreign trade and for China, a nuclear North Korea is a lesser threat than a regime collapse that could lead to a unified Korea allied to the U.S.

Sanctions work only in a country where the rulers are responsive to their people through some political process, not in a totalitarian regime whose primary goal is its own survival.

Implications for India

- For India, the most immediate concern will be any possible diminution of the US role in Asia, which is crucial to meeting the China challenge.
- Both the eventuality of a North Korean-induced decoupling and the more distant prospect of South Korea and Japan developing their own nuclear weapons have the potential to significantly alter the security role that the US plays in the region.
- Given the history of proliferation networks, some Indian analysts are also concerned about advanced nuclear technology finding its way from North Korea to Pakistan.
India’s Response & its Impacts on N. Korea

- India has condemned N. Korea’s actions. India has aligned with UN by banning all trade with N. Korea with the exception of shipments of food and medicine. India was North Korea’s third largest trade partner in 2015-16, thus the implications on N. Korea can be:
  - **Impact on Trade**: This decision brought an abrupt end to a decade of growth in India-North Korea trade links. Due to loss of trade, N. Korea will face an already acute hard currency shortage. Loss of trade with India will force the country towards more dependence on China, especially when the ties between the two are not as cordial.
  - **Collapse of Technology sharing links**: The Center for Space Science and Technology in Asia and the Pacific (CSSTEAP), India, was one of the few institutes in the world that provided technical training for North Korean students after the UN issued its first set of sanctions against North Korea’s nuclear program in 2006.

Way forward to resolve the crisis

The old objectives of ‘de-nuclearization’ and ‘reunification’ have to be set aside. North Korea's nuclear capability will have to be accepted, at least for the foreseeable future.

- A military solution to the North Korean issue is even more difficult and risky as Mr. Kim could use the country’s nuclear arsenal in retaliation. Military action may lead to nuclearization in Japan and South Korea.
- The more honourable option for the US then is to accept mutual vulnerability, resume dialogue with North Korea and examine which of the latter’s demands can be conceded without significantly affecting the US presence in South Korea and Japan.
- **Role of China**: The only country that could reason with North Korea and persuade it to join back talks is China. China has the historical responsibility to lead the efforts to solve the crisis on the Korean peninsula, much like what the Russians did in securing the Iran deal.
- **International Actions**: International community needs to come up with various programmes to solve the increasing threat of nuclearization. For example, recently International Atomic Energy Agency (IAEA) has opened a uranium bank for Low Enriched Uranium (LEU) in Oskemen city of Kazakhstan to discourage new nations from enriching the nuclear fuel.

5. US NEW AFGHANISTAN POLICY

Why in news?

Recently the U.S. President laid out strategy for “Afghanistan and South Asia”.

Important points of new strategy

- **From Rapid Withdrawal to Uncertain Time Frame**
  - In outlining his new strategy, the President recommitted the United States to an open-ended conflict in Afghanistan, saying U.S. forces must “fight to win” the war.
  - The US currently has about 8,400 troops in Afghanistan, and US military generals have said that a few thousand more troops would help the US break the current stalemate against the Taliban.
The additional troops would serve in two roles: counterterrorism missions and training the Afghan forces.

The President added that he would give military commanders the authority to act in real time and expand the authorities for US armed forces to target terrorists and criminal networks in Afghanistan.

**Winning but not nation-building**
- President said the focus of the American mission should narrow down to fighting terrorists, not rebuilding Afghanistan “in our own image”.

**Tougher Stance On Islamabad**
- Trump directly called Pakistan a country that shelters terrorists. He demanded that Pakistan’s support to cross-border terror “will have to change”.
- America would no longer tolerate Pakistan’s policy of harbouring terrorists.

**Larger role for India**
- Describing India as “a key security and economic partner of the United States,” the President said America would further “develop its strategic partnership with India — the world’s largest democracy.”
- He also urged India to play a larger role in providing economic and development assistance to the war-torn Afghanistan.

**Implications of new strategy for India**
- India has welcomed Mr. Trump’s strategy, as the U.S.’s objectives in building a stable Afghanistan and ending Pakistan’s sponsorship of terrorism are exactly in line with India’s own goals for the region.
- The elevation of India to a key partner to bring about peace and stability for this region represented the biggest departure from previous administration’s approaches.
- This gives India an opportunity to work with the US to determine what kind of Afghanistan it wants to see, and ensure greater Indian economic involvement.
- It was also a negation of Pakistan’s argument that greater Indian involvement in Afghanistan would be a source of instability in the region and a hurdle in bringing the long Afghan conflict to an end.

**What can India do?**

A positive Indian approach would involve three elements — economic, security and diplomatic.

- India must ramp up its economic diplomacy in Afghanistan to bring immediate benefits to Kabul amidst the deteriorating conditions in the country.
- Delhi must step up security cooperation with Afghanistan, especially in the training of its police and armed forces and intelligence sharing.
• On the diplomatic front, India must counter the emerging argument that Trump’s new approach will intensify the “Indo-Pak rivalry” in Afghanistan and the old one that Kashmir holds the key to peace in Afghanistan.
• Delhi must remind the world of India’s commitment to regional cooperation with Afghanistan and Pakistan, in an atmosphere free of terrorism.

Implications of new strategy for Pakistan
• Pakistan’s Afghanistan policy is all about India not gaining sufficient influence over the country. New strategy might force Pakistan to rethink its strategy of harbouring terrorist groups. However, it will not be easy, for Pakistan to abandon its investments in cross-border terror.
• Many experts believe that Pakistan may play China card to reduce the USA pressure. Any increase in conflict in Afghan-Pak region would further enhance China’s overall position as a stakeholder in South Asian geo-politics.

Way Forward
Though the strategy seems to be very comprehensive in terms of dealing with the overall situation in Afghanistan and the region, it is important to answer the question of how it can be operationalized. Dealing with Pakistan appears to be a hard question to answer as the U.S. is logistically dependent on Pakistan to carry out its operations in Afghanistan. However, this requires a multi-pronged approach and should be tailored to coerce Pakistan to give up its support for insurgents and to stop using terror as an instrument of foreign policy.

6. ASIA PACIFIC GROWTH CORRIDOR

What is it?
It is an economic corridor envisioned by the United States to connect Indian and Pacific Oceans through South and Southeast Asian littorals.

Background
• The conception of the Indo-Pacific Economic Corridor can be traced to the US-India Strategic Dialogue of 2013, where potential of the Indo-Pacific Economic Corridor was talked about in transforming the prospects for development and investments as well as for trade and transit between the economies of South and Southeast Asia.
• The focus on trans-regional economic corridors between South and Southeast Asia brings to attention the changing regional geo-politics and geo-economics within an area that is being seen as the wider Indo-Pacific.

Factors influencing the strategic shift
• Nearly 55% of the world’s container trade and nearly 70% of ship borne energy transport moves through these waters, which necessitates the perceptual change in how the region is currently being viewed.
• Leading economic players in the globe are within the Asia-Pacific region as the engine of global economic growth has shifted, particularly with the economic rise of India and China.
• With respect to the growing military capabilities of China, there is some degree of trepidation in the region particularly regarding the claims of the Chinese over the territorial disputes in the South China Sea.
• From the standpoint of the United States the logic of extending the ‘Pacific pivot’ to include the coastal areas of South Asia is a critical shift because this links the Indian Ocean, the Bay of Bengal and the Straits of Malacca, Sundah and Lombok into single strategic unit.
• The changing political and economic landscape of Myanmar, post 2011, which is pivotal for this project due to its location as the gateway between South and South-East Asia.
• There are steps towards establishing greater economic integration in the wider Asia-Pacific through two initiatives – the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP). With this growing focus on economic integration, there is a significant opportunity to link the Indo-Pacific Economic Corridor into the larger web of regional economic integration initiatives that are already taking shape.

• While the trade between South and Southeast Asia has grown in the last two decades, there is still a huge potential that needs to be explored. The evolution of the Indo-Pacific Economic Corridor will enhance this potential and is capable of creating crucial trade and investment links along this region.

Challenges
• For nearly two decades connectivity has remained as the key factor for promotion of trade and economic integration. A recent ADB report has indicated that the overall cost of establishing connectivity stands at US $ 73 billion, which in itself is a huge challenge.

• The development of North-eastern region of India will remain a vital challenge in envisioning the links between South and Southeast Asia. The old debate where development is pitted against security challenges still remains. The developmental approach which is largely a top down method needs to be thoroughly reviewed in light of the changes that are shaping the wider region.

• While connectivity across regions will in itself be a challenge, even intra-regional connectivity is far below optimal levels. As early as 2009 the Masterplan for ASEAN Connectivity was conceived. However, this initiative has made little headway.

Way Forward
• For the Indo-Pacific Economic Corridor to be effective the impetus to complete pending projects must be instituted from both the Indian and the ASEAN sides for instance - Kaladan Multimodal Transit and Transport project, trilateral highway linking India’s northeast through Myanmar to Thailand.

• If the vision of the Indo-Pacific Economic Corridor gains momentum it will also need to be enhanced by building greater physical infrastructure, more regulatory trade architecture as well as human and digital connectivity.

7. SASEC ROAD CONNECTIVITY

Why in news?
The Cabinet Committee on Economic Affairs has given its approval for upgradation and widening of 65 kms of Imphal-Moreh Section of NH-39 in Manipur.

Socio-Economic Development of Manipur
• Manipur being a landlocked state with almost 90% of the area under difficult terrain presently has only road transport as a means of mass transport system within the state.

• Government of India has notified an Integrated Custom Post (ICP) at Moreh. The development of this project is essential to support the increased traffic volume on account of the development of the ICP.

• Besides socio-economic development the project will also reduce the average travel time along the project road by nearly 40 per cent.
The completion of the route is being seen as a big opportunity for the traditional bamboo and wood based manufacturing units.

**Significance for India’s “Act East Policy”**

India is expediting South Asian Sub-Regional Economic Cooperation (SASEC) road connectivity program in the backdrop of China’s ‘One Belt One Road’ initiative.

- Once completed, the project will not only help India connect with its neighbouring countries but will also play an important role in the Great Asian Highway.
- Road corridors in Myanmar provide the key links between South Asia and Southeast Asia.
- Ports in Myanmar will provide additional gateways to the landlocked North Eastern region of India.
- Development of multi-modal connectivity between North Eastern region of India, Bangladesh and Myanmar has the potential of unleashing tremendous economic energy in the sub-region.

**8. BRICS**

**Why in News?**

The 9th Summit of BRICS was held recently in first week of September 2017, in Xiamen, China.

**Background**

- The acronym "BRICs" was initially formulated in 2001 by economist Jim O’Neill, of Goldman Sachs, in a report on growth prospects for the economies of Brazil, Russia, India and China – which together represented a significant share of the world’s production and population. In 2011, South Africa joined the grouping and it became “BRICS”.
- Initially, in 2006, successful interactions between the four countries started at the margins of general debate of UNGA, which led to the decision that the dialogue was to be carried out at the level of the Heads of the States and governments in annual summits.
- More than an acronym that identified countries emerging in the international economic order, BRICS became a new and promising political-diplomatic entity, far beyond the original concept tailored for the financial markets.
- The formation of BRICS was rooted in the long-term common economic interests of the member countries, which include reforming the global financial and economic architecture, strengthening the principles and standards of international law and supporting the complementarities in many sectors of their economies.
- The inception of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) represents a good effort to promote global economic governance and development of emerging markets and developing countries.
- Its two main pillars are:
  - Coordination in multilateral fora, with a focus on economic and political governance—especially in the economic and financial fields – Financial G-20, International Monetary Fund, World Bank – receive a special emphasis, as well the reform of political institutions, such as the United Nations.
    - At its 6th Summit, the BRICS established the New Development Bank, aimed at financing infrastructure and sustainable development projects in the BRICS and other developing countries.
    - The BRICS also concluded the agreement that creates the Contingent Reserves Arrangement (CRA), a fund with an initial sum of US$ 100 billion, which the BRICS countries will be able to use to forestall short-term liquidity pressures.
  - Cooperation between members - The multi-level process is facilitated by pragmatic cooperation & consultation on issues of mutual interest.

9th BRICS Summit
- China promises $80 million: China promised to pitch in $76 million for BRICS economic and technology cooperation plan and another $4 million to support the projects of the bloc’s New Development Bank.
- Join hands to curb corruption: All leaders agreed to intensify dialogue and experience sharing and support compiling a compendium on fighting corruption in BRICS countries.
- MoU between NDB and BRICS Business Council: The New Development Bank will now work closely with the BRICS Business Council to facilitate business and trade prospects in the bloc. BRICS Business Council will suggest projects that needs support from the New Development Bank.
- Push to BRICS Credit Rating Agency: India talked about setting up of a BRICS credit rating agency to counter western rating institutions and cater to the financial needs of sovereign and corporate entities of developing nations.
- Drive against Protectionism: BRICS leaders agreed to allow economic growth to be shared among the members of the bloc by keeping the trading systems open, transparent, and in accordance to norms laid down by the World Trade Organisation.
- Clean energy for all: BRICS countries agreed to adopt environment friendly energy resources and technologies.
- Cooperation for agricultural development: It was agreed to deepen cooperation in the five priority areas such as food security and nutrition, adaptation of agriculture to climate change, agricultural technology cooperation and innovation, agricultural trade and investment, and ICT application in agriculture to contribute to stable global agricultural growth and achievement of Sustainable Development Goals.
- Commitment against Terrorism: Concerns were voiced over threat to peace and stability in South-East Asia due to disturbances by Pakistan-based terror outfits like the Taliban, al-Qaeda and Pakistan-based LeT and JeM. Pakistan based terror groups were named for 1st time.

BRICS and India
While India is widely viewed as a strong emerging economy, its economic potential should not be the sole parameter for its comparison with the other members of BRICS. India lags behind other BRICS nations in terms of overall GDP, social inequalities and access to basic health and other welfare

Where does India lag?
India’s per capita GDP (adjusted for Purchasing Power Parity) is less than half of China, one third of Brazil and one fourth of Russia.
Every country in this set has achieved universal or near universal adult literacy rate; the only exception is India.
services. There are various arenas where India can utilize the forum for furthering its national and international interests-

- India needs a bulk of **funding for improving its infrastructure** to make it more attractive for Foreign Investors. The New Development Bank is a crucial organization, apart from from WB and IMF, which can provide infrastructure loan to India.
- India’s trade with BRICS partners is about US$ 95 billion [2013-14]. India’s strengths lie in **labour, services, generic pharmaceuticals, and information technology**. There are significant synergies with other BRICS partners which may be tapped to further strengthen intra-BRICS linkages in these areas.
- India added the **Urbanization Forum to BRICS cooperation mechanisms** to bring greater focus on intra-BRICS cooperation to learn from each other’s experience in tackling challenges of rapid urbanization faced by all BRICS members.
- After the dissolution of former USSR, India has been gradually losing its prior stature with Russia. BRICS is an important forum where India can further its talks for **expanding its cooperation with Russia**.
- The BRICS holds promise of greater understanding and cooperation among the member States also it **may develop forum for solving bilateral issues**. For example, engaging China has been one of the important components of India’s foreign policy in recent years. For example, in the recent summit there were discussions about need for **India and China to increase cooperation** on other bilateral issues like **river water (Brahmaputra) data sharing**, entry of Indian pharmaceutical companies in China, etc.

### Significance of BRICS

- Offers a platform for worlds emerging economies to ponder over the issues that directly impact them.
- Provides an alternative to international banks like IMF and World Bank.
- Provides and alternative way to counter the dominance of dollar together in the international currency market.
- Forms a crucial step towards **South-South Cooperation**.

From the BRICS’ perspective, **South-South Cooperation has three important dimensions**—

- **Political dimension**: to create spaces for autonomous discussion, independent of OECD-countries.
- **Economic dimension**: Trade, financing and ODA.
- **Technical dimension**: exchange of expertise and technology know-how.

### Challenges for BRICS

- **Differing perception of “West”**- Each of the BRICS nations perceive the "West" differently. For Russia, western ideas are aimed at upholding western geopolitical interests, while others do not see west with the same lens of suspicion. This difference will particularly play out when BRICS nations discuss collaboration on areas like internet governance and cyber security.
- **Lack of legitimacy of BRICS**- While the previous attempts at international governments such as League of Nations or UN were formed by victors of preceding wars, BRICS was born in an investment bank conference room. To gain legitimacy, BRICS will need to have a viewpoint on every major global occurrence, whether it is natural calamities, economic downturns or civil wars.
- **India-China rivalry**- One of the main challenges for cooperation and coordination among the BRICS countries is the apparent tussle between the two of its members- India & China.
The differences between the two countries and their differing interests make the process of reaching consensus difficult. China’s export driven economy makes the prospect BRICS free trade agreement wary for India and Russia. Other issues of contention include the OBOR, CPEC, etc.

- **Difficult to explain the differences** - Since the grouping is a self-professed coordination platform, explaining the lack of common coordinated positions in world politics would be the BRICS’ Achilles heel in times to come. All these countries aspire to be regional powers and hence at some point will compete with each other. Even at present there is stark difference in politico-economic profiles.

- **India-Brazil’s claim for UNSC seat** - Even on the question of Indian and Brazilian aspirations to join the high-table of the UNSC permanent members, Russia and China need to dilute their own power to make this possible.

- **Individual development needed** - The BRICS economies share some domestic and socio-economic challenges that must be addressed independently of their group activism to accomplish their major goals as a group, viz. inequality (economic, social and political), corruption, improvements in health care and education, and human rights, to name a few. For example, BRICS countries are home to the majority of the global MDR TB patient population.

**Way Forward**

- The ultimate aim for the BRICS should be to take up a leadership role in reforming global financial and political institutions without rendering existing institutions null and void.

- Besides that, BRICS will also be judged by the swiftness and conviction with which it offers new solutions to the problems of the world such as poverty, economic slowdown and cyber-governance. Starting essentially with economic issues of mutual interest, the agenda of BRICS meetings has considerably widened over the years to encompass tropical global issues.

- It forms a crucial part and a hope for south-south cooperation too, where there is a lot to be done.

## 9. REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

**Why in news?**

19th Round of the RCEP Trade Negotiating Committee meeting at the technical level was held at Hyderabad.

- The member countries agreed to achieve a set of key elements for significant outcomes by the end of this year.

**RCEP Benefits to India**

- India is primarily interested in securing greater market access for services and is pushing for easing restrictions in the sector.

### About RCEP

- The RCEP is a proposed comprehensive regional economic integration agreement between the 10-member ASEAN bloc and its six FTA partners — India, China, Japan, South Korea, Australia and New Zealand.

- When inked, it would become the world’s biggest free trade pact. This is because the 16 nations account for a total GDP (Purchasing Power Parity, or PPP basis) of about $50 trillion (or about 40% of the global GDP) and house close to 3.5 billion people (about half the world’s population).

- The RCEP ‘guiding principles and objectives’ state that the “negotiations on trade in goods, trade in services, investment and other areas will be conducted in parallel to ensure a comprehensive and balanced outcome.”

- It proposes to eliminate most tariff and non-tariff barriers. It also seeks to liberalise investment norms and do away with services trade restrictions.
• India enjoys a competitive edge in areas such as information and communication technology, IT-enabled services, professional services, healthcare, and education services. RCEP can open up new markets for India to venture and invest in these arenas.

• India may emerge as an attractive investment destination for China. To offset the increasing labour costs, Chinese firms have been relocating labour-intensive manufacturing to Vietnam, Cambodia, Thailand and Indonesia.

• RCEP can help India’s existing free trade agreements with the Association of South East Asian Nations. It can help India in facing challenges of situations like “Noodle bowl” which obstructs the effective utilization of FTAs. Thus, in long run it can streamline the trade rules and negotiations, thus reducing the trade cost.

• It can effectively integrate the trade in the east and south-east Asia, thus enhancing the benefits of “Act East Policy” to India.

India’s Concerns over RCEP

• Impact on Domestic Manufacturers: Several of the members want India to eliminate duties on about 90 per cent of traded goods as part of the ambitious RCEP pact. India has reservations regarding the potential adverse impact of eliminating duties on its local manufacturing and job creation.

• China interest in a ‘high level’ of tariff liberalisation:
  ✓ It plans to eliminate duties on as much as 92% of traded products. However, India’s offer is to do away with duties on only 80% of the lines and that too, with a longer phase-out period for Chinese imports (ie, about 20 years, as against 15 for other RCEP nations).
  ✓ China is the only RCEP country with which India neither has an FTA in the group, nor is in talks for one. Therefore, Indian industry sees RCEP as an indirect FTA with China.
  ✓ India has a goods trade deficit with China that has ballooned since 2003-04. There are apprehensions that China might use the RCEP to try and gain more market access in India even as it remains unwilling to import more.
  ✓ The proposed FTA, owing to the possibility of elimination of duties across most sectors, could lead to a surge in inflow of low-priced goods, mainly from China.

• Public Procurement Segment: There are demands from some RCEP countries to open up the public procurement segment, India is not willing to undertake any binding commitment on that.

• India’s high MFN tariff: A highly ambitious level of tariff elimination without enough flexibility would affect India the most because in the RCEP group (except Myanmar, Cambodia and Lao PDR), India has the highest average ‘Most Favoured Nation (MFN) tariff’ level at 13.5%.

• Impact on Make in India: Indian companies and industry bodies flagged their concerns that the centre’s ‘Make In India’ initiative to boost manufacturing and job creation could be hit by a hurried pact.

• Intellectual Property Rights: In this area, several members have been pushing provisions that go beyond TRIPS, with serious adverse consequences for access to generic medicines manufactured in India.
  ✓ Agreeing to data exclusivity, extending patent terms and unduly strong enforcement measures will weaken the entire generic medicine sector and take away several health safeguards in India’s Patent Act, notably section 3(d).
10. INDIAN DIASPORA

Why in news?
The Ministry of External Affairs has established the Indian Community Welfare Fund (ICWF) in the 43 Indian Missions across the world in countries that have a significant overseas Indian population.

Who constitutes Indian Diaspora?
- The Indian Diaspora is a generic term to describe the people who migrated from territories that are currently within the borders of the Republic of India. It also refers to their descendants.
- Indian Diaspora is composed of "NRIs" (Indian citizens not residing in India) and "PIOs" (Persons of Indian Origin who have acquired the citizenship of some other country).
- India has the largest diaspora population in the world with over 15.6 million according to United Nations Department of Economic and Social Affairs.
- The biggest proportion of them are in the United Arab Emirates, where 3.5 million Indians make up 30% of the population and are the largest expatriate group, according to the Indian Embassy in Abu Dhabi.

Background
- During the 1950s and 1960s, establishing a special relationship with the diaspora was not a priority of India’s foreign policy.
- The diaspora, on the other hand, was advised to live up to its loyalty to the host country. Only cultural links with the home country were emphasized on appropriate occasions.

The Indian Community Welfare Fund
ICWF is aimed at providing 'on site' welfare services on a means tested basis in the most deserving cases including:
- Boarding and lodging for distressed overseas Indian workers in household/domestic sectors and unskilled labourers
- Extending emergency medical care to the overseas Indians in need.
- Providing air passage to stranded overseas Indians in need.
- Providing initial legal assistance to the overseas Indians in deserving cases.
- Expenditure on incidentals and for airlifting the mortal remains to India or local cremation/burial of the deceased overseas Indian in such cases where a sponsor is unable or unwilling to do so as per the contract and the family is unable to meet the cost.
• The situations changed first in 1970s-80s and later in 1990s after India adopted the LPG policy.
• The Indian diaspora has acquired a higher status and respect in their countries of residence both because of their contributions in varied fields and on account of the higher status acquired by India in the comity of nations by virtue of its dynamic economy and contribution in other fields.
• The government has also become responsible towards its diaspora as reflected by various policies and programmes focused on NRIs and People of Indian Origin.
• The beginning of this policy shift was heralded by the appointment of a High-Level Committee on the Indian Diaspora by the Ministry of External Affairs in September 2000.
• Diaspora forms the implicit forth “D” to the ‘3Ds’ (three Ds'-democracy, demography and demand) of the current Indian government.

Significance of Indian Diaspora

• Remittances: India’s vast diaspora sends back billions of dollars in remittances every year. With estimated remittance flows of around $72 billion in 2015 made the South Asian nation receives more expat cash than any other country, World Bank figures show. This amounts to 3.4 per cent of India’s GDP.
Inflows from NRIs take place in following 3 major forms-
  o Private Transfers
  o Direct Portfolio Investments
  o Deposits
• Source of knowledge transfer: The diaspora forms an important source of knowledge transfer that they acquire abroad. Foreign countries have a well-defined and improved R&D structure.
• Enhancing India’s Image: The diaspora’s achievements abroad, in different fields like Science, technology, art and culture, etc contribute to India’s image. Today Salman Rushdie, Zubin Mehta and Mira Nair are household names all over the world. In business, the Silicon Valley and Wall Street CEOs like Vikram Pandit, Sundar Pichai, etc, represent India in the world.
• Soft Diplomacy: There are many influential Indians in countries like USA, UK, etc. This influential stratum of Indian diaspora has many times been important in forming lobbies for India’s interests.

Important Schemes and Programmes
• Pravasi Bharatiya Divas (PBD)
• Pravasi Bharatiya Samman Awards (PBSA)
• Regional Pravasi Bharatiya Divas (RPBD)
• Know India Programme (KIP)
• Study India Programme (SIP)
• Scholarship Programme for Diaspora Children (SPDC)
• Overseas Citizen of India (OCI) Card Scheme
• Prime Minister’s Global Advisory Council of Overseas Indians (PMGAC-0I)
• Tracing the Roots programme
• Pravasi Bharatiya Kendra (PBK)
- **Contribution in Tourism**: When they visit India, they tend to spend more lavishly than the locals, thereby helping economic activity. NRIs are more prone to donating to domestic charities because of the strong cultural and emotional feelings that they nurse.

- **Transnational diasporic networks** are contributing significantly towards the integration of national economies into the global political economy by mediating through a complex array of production, circulation and consumption activities.

**Challenges of Indian Diaspora**

- **Political Issues**-
  - **Dual Citizenship**: There are many among the diaspora community who wish to retain their Indian citizenship along with the citizenship of the country they are residing in.
  - **Differential labour rules**: Indian diaspora, especially the blue-collar workers, face differential treatment in terms of labour laws. For example, the **Kafala System** of West Asia.
  - **Also** due to increasing preference for local workers the employment security of many Indian workers has been compromised. Example **Nitaqat law**.

- **Security Issues**-
  - **ISIS Issue**: Due to increasing threat from ISIS in the middle east region there have been increasing security threats to the Indian diaspora. Indian government had to undertake various rescue operations to help and evacuate the Indians struck in such situations, example- Operation Raahat in Yemen.
  - **Lack of Evacuation Policy**: India does not have a well laid out evacuation policy which can improve the operations further.

- **Economic Issues**-
  - **Economic slowdown**: has led to reduction in global demand and thus reduction in employment opportunities for Indians willing to work outside.
  - **Competition with other countries**: Due to increasing competition with the equally competitive labour force from countries like China and Philippines, Indian workers are losing job opportunities abroad.

**Way Forward**

- The **2030 Agenda for Sustainable Development** recognises the positive contribution of migrants for inclusive growth and sustainable development.
- India has now come to acquire a higher stake than ever before in the performance, status and treatment meted out to the Indian diaspora in the host countries.
- This has led to a distinct policy shift in the mother country from relative indifference to greater attention and care of the Indian diaspora.
- There are various proposals like to give them voting rights, etc which may provide the community with the much needed trust and faith in the Indian government.

**11. NEW NUCLEAR WEAPON PROHIBITION TREATY (NWPT)**

**Why in news?**

- Over 120 countries in the United Nations voted to adopt the first-ever global treaty to ban nuclear weapons.
- The new treaty outlaws the **entire range of activity relating to the production, stockpiling and use of nuclear weapons**.

**The Kafala system** requires all unskilled laborers to have an in-country sponsor, usually their employer, who is responsible for their visa and legal status. Enacted in 2011, the **Nitaqat law** in Saudi Arabia makes it mandatory for all businesses in the private sector to reserve at least 10 percent of jobs for Saudi nationals.
Student Notes:

- The most central provision is Article 1(d) which **categorically prohibits the use of nuclear weapons** or a threat to that effect, under all circumstances.
- The treaty will be open for signature to all States at UN Headquarters in September and enter into **force 90 days after it has been ratified by at least 50 countries**.
- India and other nuclear-armed nations: the United States, Russia, Britain, China, France, Pakistan, North Korea and Israel had not participated in the negotiations.

**Background**

- The realisation that nuclear weapons are the ultimate means of mass destruction led to the November 1961 UN General Assembly resolution that declared the use of nuclear and thermonuclear weapons as the violation of Charter of the United Nations.
- In July 1996, the International Court of Justice issued an advisory opinion on the legality or threat of the use of nuclear weapon, with two key conclusions:
  - Firstly, the threat or use of nuclear weapons would generally be contrary to the rules of international law applicable in armed conflict, and in particular the principles and rules of humanitarian law.
  - Secondly, there exists an obligation to pursue in good faith and bring to a conclusion, negotiations leading to nuclear disarmament in all its aspects under strict and effective international control.
- Since then, countries have not tried to start negotiations towards disarmament, rather have sought to block them, choosing to launch long-term costly programmes to maintain, modernise, and in some cases, augment their nuclear arsenals.
- At the **Vienna Conference on the Humanitarian Impact of Nuclear Weapons in 2014**, officials from 158 countries launched an international effort to highlight nuclear weapons capacity to cause widespread suffering and indiscriminate harm.
- This process led to the adoption of a historic resolution at the UN last October “to negotiate a legally binding treaty to prohibit nuclear weapons, leading towards their total elimination”.
- Hence, the Nuclear Weapon Prohibition Treaty was formally negotiated recently.

**India’s Position**

- In its Explanation of Vote (EoV), India had said that it was “not convinced” that the proposed conference could address the longstanding expectation of the international community for a comprehensive instrument on nuclear disarmament.
- India also maintained that the **Geneva-based Conference on Disarmament (CD)** is the single multilateral disarmament negotiation forum.
- It had further said that it supports the commencement of negotiations in the Conference on Disarmament on a **Comprehensive Nuclear Weapons Convention**, which in addition to prohibition and elimination also includes verification which current process lacks.

**Position of USA and its allies**

The Permanent Representatives of the US, UK and France said they “have not taken part in the negotiation of the treaty and do not intend to sign, ratify or ever become party to it”.

- This initiative clearly disregards the realities of the international security environment.
- Accession to the ban treaty is incompatible with the **policy of nuclear deterrence**, which has been essential to keeping the peace in Europe and North Asia for over 70 years.
- They also criticised the treaty for not providing any solution to the “grave threat posed by North Korea’s nuclear programme”.
Analysis
The preamble of the NWPT explicitly acknowledges “the ethical imperatives for nuclear disarmament” and describes a nuclear weapon-free world as “a global public good of the highest order, serving both national and collective security interests”.

- The nuclear weapons treaty marks the completion of a process to enforce an international ban on all categories of weapons of mass destruction following the prohibition of biological and chemical arms.
- The world’s nuclear powers have remained defiant ever since its adoption. Their continued resistance will no doubt jeopardise its effectiveness. But that does not take away from its sound basis in moral and legal principles.

12. INDIA AND PHILIPPINES COUNTERTERRORISM COOPERATION

Why in news?
India has decided to provide a financial assistance of Rs. 3.2 crore to the Philippines to aid its fight against the Islamic State (IS)-affiliated terror groups in the city of Marawi in Mindanao province.

More on news
- The Philippines has been engaged with Islamic State (ISIS)-affiliated militants who launched an offensive to control city of Marawi in Mindanao province on May 23, 2017.
- This is the first time India is sending financial aid to another country for relief and rehabilitation from deadly terror groups.
- India has emerged as the highest donor for anti-terrorism efforts in Philippines.
- India is also conducting cybersecurity training for the Philippine security forces, focusing on deradicalisation.

Significance
- India’s participation in countering the Marawi crisis marks yet another milestone in India’s Act East policy.
- Sending aid to another nation will help India’s attempts to burnish its credentials as an emerging security provider to the wider Asian region.
- This will augment India’s counterterrorism cooperation with other nations fighting terrorism, such as Indonesia and Malaysia and will help to counter balance China’s influence in the region.

Conclusion
- India has managed to ward off the threats from globalized Islamist terrorist groups by enhancing capabilities of security agencies and conducting community based deradicalisation programmes.
- These experiences and capabilities should be transferred to Philippines whose response to IS threat has mostly been military in nature.

13. CHINESE MILITARY BASE IN DJIBOUTI

Why in news?
China has dispatched People’s Liberation Army (PLA) personnel to man its first overseas military base at Djibouti in the strategic Indian Ocean region.

- This will be China’s first overseas naval base, although Beijing officially describes it as a logistics facility.
• Djibouti is situated in the “Horn of Africa”, a key hub connecting Asia to Europe through the Red Sea. It is strategically located on the eastern edge of Africa, which means that movement of Chinese ships will increase in the Indian Ocean region.
• The second base is coming up in Gwadar, Pakistan.
• This is a cause of concern for India not only from military and defence point of view but also in terms of trade with Africa, which has become a bone of contention for both India and China.
• Djibouti’s position on the north-western edge of the Indian Ocean has fuelled worry in India that it would become another of China’s “string of pearls” of military alliances and assets ringing India, including Bangladesh, Myanmar, Pakistan and Sri Lanka.